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## for SUPERVISORS



from the Director of Personnel (Ogl) As Barnes



#### FEDERAL SALARY REFORM

You have been reading about a Federal salary reform bill for several months. Yesterday the President signed the version of the bill that was recently passed by the Congress. So now we have an Act - the Postal Service and Federal Employees Salary Act of 1962.

Increases in basic rates of pay under the Act become effective in two stages. The first stage goes into effect October 14, 1962, and continues through January 4, 1964. The final stage will be effective January 5, 1964, and thereafter.

In addition to the increases resulting from these changes, employees in grades GS-1, 2, and 3 will receive one extra step increase upon conversion to the new salary schedule at this time.

Besides increasing basic rates, the new Act changes the rules, or introduces new ones, relating to step increases, salary rate on promotion, adjustment of entrance rates in difficult recruitment and retention areas, the numerical limitation on supergrade positions, and other features.

Inside, for your information, is a brief analysis of each of the more significant of these features.

#### PRINCIPLES OF SALARY REFORM

This is the policy statement on salary reform contained in the new Act. It preserves the principle of equal pay for equal work and establishes the principle of salary comparability.

Under the comparability principle, adjusting rates on the basis of surveys to keep them in line with industry pay becomes permanent policy.

This principle, in view of the impact its implementation will have on Federal pay in the future, no doubt makes this the most important pay legislation for Federal workers in recent times.

# PART II - FEDERAL SALARY REFORM TITLE I - GENERAL POLICY

#### SHORT TITLE

SEC. 501. This part may be cited as the "Federal Salary Reform Act of 1962."

#### DECLARATION OF POLICY

SEC. 502. The Congress hereby declares that, whereas the functions of a Federal salary system are to fix salary rates for the services rendered by Federal employees so as to make possible the employment of persons well qualified to conduct the Government's programs and to control expenditures of public funds for personal services with equity to the employee and to the taxpayer, and whereas fulfillment of these functions is essential to the development and maintenance of maximum proficiency in the civilian services of Government, then, accordingly, Federal salary fixing shall be based upon the principles that—



- (a) There shall be equal pay for substantially equal work, and pay distinctions shall be maintained in keeping with work and performance distinctions; and
- (b) Federal salary rates shall be comparable with private enterprise salary rates for the same levels of work.

Salary levels for the several Federal statutory salary systems shall be interrelated, and salary levels shall be set and henceforth adjusted in accordance with the above principles.

## PAY SCALES UNDER THE CLASSIFICATION ACT OF 1949, AS AMENDED SHOWING CHANGES MADE BY THE FEDERAL SALARY REFORM ACT OF 1962

Top Row: Old Rates Middle Row: Oct. 1962 Rates Bottom Row: Jan. 1964 Rates (Employees in GS-1, 2, and 3 each get one step-up in grade, in addition to the increase shown in this schedule, as their October 1962 adjustment. Those who were in the third longevity step of GS-1, 2, or 3 receive the tenth step, plus \$105 to \$125 in October 1962.)

G S	Step	Sal.		Sal. Incr		Sal. Incr			Step		Step • <u>6</u>		Step7_	Sal.			Step	Sal.		Sal.	Size, Each Step Up
1	\$3185 3245 3305	60 60	\$3290 3350 3410	60 60	\$3395 3455 3515	60 60	\$3500 3560 3620	60 60	\$3605 3665 3725	60 60	\$3710 3770 3830	60 60	\$3815 3875 3935	60 60	\$3920 3980 4040	60 60	\$4025 4085 4145	60 60	\$4130 4190 4250	60 60	\$105 105 105
2	3500 3560 3620	60 60	3605 3665 3725	60 60	3710 3770 3830	60 60	3815 3875 3935	60 60	3920 3980 4040	60 60	4025 4085 4145	60 60	4130 4190 4250	60 60	4235 4295 4355	60 60	4340 4400 4460	60 60	4445 4505 4565	60 60	105 105 105
3	3760 3820 3880	60 60	3865 3925 3985	60 60	3970 4030 4090	60 60	4075 4135 4195	60 60	4180 4240 4300	60 60	4285 4345 4405	60 60	4390 4455 4525	65 70	4495 4580 4650	85 70	4600 4705 4775	105 70	4705 4830 4900	125 70	105 105-125 105-125
4	4040 4110 4215	70 105	4145 4250 4355	105 105	4250 4390 4495	140 105	4355 4530 4635	175 105	4460 4670 4775	210 105	4565 4810 4915	245 105	4670 4950 5055	280 105	4775 5090 5195	315 105	4880 5230 5335	350 105	4985 5370 5475	385 105	105 140 140
5	4345 4565 4690	220 125	4510 4725 4850	215 125	4675 4885 5010	210 125	4840 5045 5170	205 125	5005 5205 5330	200 125	5170 5365 5490	195 125	5335 5525 5650	190 125	5500 5685 5810	185 125	5665 5845 5970	180 125	5830 6005 6130	175 125	165 160 160
6	4830 5035 5235	205 200	4995 5205 5410	210 205	5160 5375 5585	215 210	5325 5545 5760	220 215	5490 5715 5935	225 220	5655 5885 6110	230 225	5820 6055 6285	235 230	5985 6225 6460	240 235	6150 6395 6635	245 240	6315 6565 6810	250 245	165 170 175
7	5355 5540 5795	185 255	5520 5725 5990	205 265	5685 5910 6185	225 275	5850 6095 6380	245 285	6015 6280 6575	265 295	6180 6465 6770	285 305	6345 6650 6965	305 315	6510 6835 7160	325 325	6675 7020 7355	345 335	6840 7205 7550	365 345	165 185 195
8	5885 6090 6390	205 300	6050 6295 6600	245 305	6215 6500 6810	285 310	6380 6705 7020	325 315	6545 6910 7230	365 320	6710 7115 7440	405 325	6875 7320 7650	445 330	7040 7525 7860	485 335	7205 7730 8070	525 340	7370 7935 8280	565 345	165 205 210
9	6435 6675 7030	240 355	6600 6900 7260	300 360	6765 7125 7490	360 365	6930 7350 7720	420 370	7095 7575 7950	480 375	7260 7800 8180	540 380	7425 8025 8410	600 385	7590 8250 8640	660 390	7755 8475 8870	720 395	7920 8700 9100	780 400	165 225 230
10	6995 7290 7690	295 400	7160 7535 7945	375 410	7325 7780 8200	455 420	7490 8025 8455	535 430	7655 8270 8710	615 440	7820 8515 8965	695 450	7985 8760 9220	775 460	8150 9005 9475	855 470	8315 9250 9730	935 480	8480 9495 9985	1015 490	165 245 255
11	7560 8045 8410	485 365	7820 8310 8690	490 380	8080 8575 8970	495 395	8340 8840 9250	500 410	8600 9105 9530	505 425	8860 9370 9810	510 440	9120 9635 10090	515 455	9380 9900 10370	520 470	9640 10165 10650	525 485			260 265 280
12	8955 9475 9980	520 505	9215 9790 10310	575 520	9475 10105 10640	630 535	9735 10420 10970	685 550	9995 10735 11300	740 565	10255 11050 11630	795 580	10515 11365 11960	850 595	10775 11680 12290	905 610	11035 11995 12620	960 625			260 315 330
13	10635 11150 11725	515 575	10895 11515 12110	620	11155 11880 12495	725 615	11415 12245 12880	830	11675 12610 13265	935 655	11935 12975 13650	1040	12195 13340 14035		12455 13705 14420		12715 14070 14805	1355 735			260 365 385
	12210 12845 13615	635 770	12470 13270 14065	800	12730 13695 14515	965 820	12990 14120 14965	1130	13250 14545 15415		13510 14970 15865	1460	13770 15395 16315	1625 920	14030 15820 16765		14290 16245 17215				260 425 450
	13730 14565 15665	835	14055 15045 16180	990	15525	1145		1300		1455		1675	15550 17445 18755	1895							325-260 480 515
	15255 16000 16000	745 	15515 16500 16500	985		1225	16035 17500 17500	1465	16295 18000 18000	1705 							Q.	-			260 500 500
	16530 18000 18000	1470	16790 18500 18500	1710	19000	1950		2190	17570 20000 20000					A		M					260 500 500
	18500 20000 20000															W W	M.				

#### STEP INCREASES

You have become used to two kinds of step increases—"regular scheduled" and "longevity." The new law reforms the within-grade step-increase system.

#### Regular Step Increases

Ten regular steps replace the 7 scheduled and 3 longevity steps heretofore provided for GS-1 through GS-10. Nine steps replace the 6 scheduled and 3 longevities in GS-11 through GS-14. GS-15 has 8 regular steps instead of 5 scheduled and 3 longevities. GS-16 and 17 continue to have 5 steps each. GS-18 continues to have only one.

The former provisions governing longevity increases are canceled since they are no longer needed.

Waiting periods vary under the new plan, depending upon the step an employee has reached.

Hereafter step increases will be granted to eligible employees

after 52 calendar weeks of service in steps 1, 2, and 3 of each grade after 104 calendar weeks of service in steps 4, 5, and 6 of each grade after 156 calendar weeks of service in steps 7, 8, and 9 of each grade.

This means it will take 18 years to reach the top step in a 10-step grade, 15 years to reach the top in a 9-step grade, 12 years to reach the top of GS-15, unless the employees involved are aranted additional step increases in the meantime.

#### Additional Step Increases

The new law authorizes additional step increases in recognition of high quality performance above that ordinarily found in the type of position concerned. It permits one such additional increase in each period of 52 weeks. This will enable employees to reach the top of a 10-step grade, for example, in half the time it would otherwise take, in outstanding cases.

#### Performance Requirements

Under the former system, an employee's performance had to be "Satisfactory" or better, as determined under the Performance Rating Act, to entitle him to a step increase. Under the new plan, his work must be "of an acceptable level of competence as determined by the head of the department." This introduces a somewhat greater element of judgment in the granting of increases than the former system allowed.

#### Presidential Appointees Not Eligible

The provisions for step increases and additional step increases do not apply to persons appointed by the President, by and with the advice and consent of the Senate.



#### SALARY RATE ON PROMOTION

Since 1949, provisions have been incorporated in the Classification Act guaranteeing an immediate raise in pay to employees promoted to a higher grade.

The provisions accomplishing this previously stated that employees, when promoted, would receive the lowest rate in the higher grade exceeding their existing rate by at least one step increase of the grade from which promoted.

The new act liberalizes these provisions. Instead of requiring that the employee be raised to the lowest rate that will provide at least one such step increase, it requires that he be raised to the lowest rate that will give him two.

#### RETENTION OF SALARY WHEN AN EMPLOYEE IS DEMOTED

The Salary Retention Act of 1958 has not heretofore applied to Classification Act employees in grades GS-16, 17, and 18. Under its provisions, salary is saved for up to two years in the case of employees who are demoted without fault of their own. Section 605 of the new law makes the salary savings provisions applicable to all grades of the Classification Act.

#### RETENTION OF SALARY ON TRANSFER FROM A DIFFERENT PAY SYSTEM

At the present time, although authority exists for saving the salary of employees demoted without fault of their own, it does not cover employees who, together with their positions, are brought under the Classification Act from some other Federal pay system. This lack of authority has been of particular concern in cases involving the change of employees and positions from the wage board to the Classification Act system. Under Section 604(b) of the new act, the Civil Service Commission is authorized to issue regulations permitting retention of pay in such cases.

#### RATES OF PAY FOR CLASSIFICATION ACT SUPERVISORS OF WAGE BOARD EMPLOYEES

When a supervisor is paid under the Chassification Act and his employees are paid at wage board rates, the supervisor sometimes receives no more or even less than some of the employees.

Situations in which this occurs have increased in recent years, and complaints have been numerous.

The Congress has recognized the problem and in Section 604(c) of the Salary Reform Act provides that, under regulations of the Civil Service Commission, any Classification Act supervisor of wage board employees may be paid a rate higher than the rate paid any of the employees under his supervision, if this is possible within the scheduled rates of his grade.



## ADJUSTMENT OF ENTRANCE RATES IN DIFFICULT RECRUITMENT AND RETENTION AREAS

The new law authorizes the President to raise the entrance rate of any grade as high as the seventh step rate to make the Government more competitive with private enterprise in any location where its efforts to recruit or retain qualified employees would otherwise be significantly handicapped.

He is authorized to exercise this authority through the Civil Service Commission or, in the case of employees not subject to the civil service laws and regulations, through such agency or agencies as he may designate for the purpose.

In contrast to the former provisions of the Classification Act which they supersede, the new provisions carry authority, whenever the entrance rate is raised to a new minimum, to make corresponding increases in all step rates of the grade. They also provide, in contrast to the less comprehensive former provisions, for consideration of retention as well as recruitment difficulties as justification for adjusting the entrance salary.

#### NUMERICAL LIMITATION ON SUPERGRADE POSITIONS

#### Amendments Affecting the Limitation on Supergrades

Instead of 1989 positions formerly authorized in grades GS-16, 17, and 18 of the Classification Act, the new law authorizes the establishment of not to exceed an aggregate of 2400 such positions—411 more than are presently allowed, Government-wide. At the same time, the act excludes from this limitation "any professional engineering positions primarily concerned with research and development and professional positions in the physical and natural sciences and medicine which may be placed in such grades." It also brings a few positions now covered by special authorities under the general numerical limitation. The Senate Report on this legislation refers to the action taken on the numerical limitation as "a temporary solution."

## Relationship of Salaries under the Executive Pay Act and Supergrade Salaries under the Classification Act

Positions currently paid under the Federal Executive Pay Act of 1956, as amended, are not affected by the Salary Reform legislation. Top Classification Act positions in grades GS-16, 17, and 18 are included in the raises to be effective October 14, 1962, but are not included in the second stage to be effective January 5, 1964.

The Senate Report on the salary reform plan indicates that the Congress is aware of the need for action to establish proper pay relationships between Executive Pay Act and top Classification Act positions and expects corrective action to be taken prior to January, 1964.



#### ADJUSTMENT OF RETIREMENT ANNUITIES

Part III of the act liberalizes retirement benefits. These are the significant provisions:

- It provides a 5 percent increase, effective January 1, 1963, in all annuities then payable from the civil service retirement fund which commenced on or before that date.
- It applies the increase on a graduated reduction basis to all annuities which commence in the four-year period following January 1, 1963, in keeping with the practice followed in the last previous enactment of this kind.
- It provides that the proper proportion of the increase granted an annuitant will accrue to his survivors.
- It excludes from the increase annuity amounts purchased by voluntary contributions.
- It removes the ceilings on increases imposed by certain previous enactments.
- It provides for future adjustments in the event the calendar year average of the monthly Consumer Price Index of the Bureau of Labor Statistics increases not less than 3 percent.
- It raises from \$2,400 to \$3,600 the portion of annuity to which the reduction of 2½ percent applies when electing survivorship benefits.
- It increases the rate of survivorship benefits from 50 to 55 percent.
- It reverses present procedure by providing that in the future survivorship benefits will be automatic unless an adverse election is made.



### DEPARTMENT OF AGRICULTURE WASHINGTON 25, D. C.

October 12, 1962

#### NOTE TO SUPERVISORS:

I am indeed pleased that our Personnel Director Carl Barnes has gotten to you so quickly this special "Tips" Sheet on President Kennedy's Salary Reform Act. I share his desire to get the news to you, as quickly as possible, on how this new Act affects, not only you, but every employee in USDA. The benefits it provides are impressive and it is gratifying to me to know that so many of our employees will begin enjoying them now.

Gratifying to me likewise is that this occasion gives me an opportunity to say something to you personally as a Supervisor. This relates to your responsibility to utilize not only the salary increases but two other specific provisions of this Act as incentives to employees. That is, where possible, to get increased productivity and further improve the efficiency of the Department and the services it renders to farmers and consumers throughout the U.S.A.

One of these provisions changes the former eligibility requirement for within-grade salary increases. The new provision says, in effect, that in the future these increases shall be based upon a determination that the employee is performing at an acceptable level of competence. You, as a Supervisor, should recognize that your proper use of this provision in the Act can be an incentive to more effective performance on the part of employees.

The other provision provides for extra within-grade salary increases. These are for employees whose duties are carried out at an unusually high level of competence. This provision, just as the one mentioned above, is another example of President Kennedy's effort to provide you, as a Supervisor, with an incentive you can use for increasing the efficiency of the employees in your work unit.

I am sure that standards will be worked out for these provisions to make their application consistent throughout government. However, I want you and every Supervisor in the Department of Agriculture to be aware of these provisions as incentives. I shall look to you to use them in the constructive manner the law contemplates.

Orville L. Freeman Secretary of Agriculture

Here is a wallet-size schedule of annual Classification Act rates to be effective now through January 4, 1964. You may wish to clip this schedule for temporary reference. The Office of Personnel will have regular pay cards printed and ready to distribute within a short time.

		CI	_ASSIFICA	ATION A	CT SALA						
GS		52 Week		1 1	104 Weel	t8	1 1	156 Weel		Amount	
Grade	1	2	3	4	5	6	7	8	9	10	Ea.Ste
1	3245	3350	3455	3560	3665	3770	3875	3980	4085	4190	105
2	3560	3665	3770	3875	3980	4085	4190	4295	4400	4505	105
3	3820	3925	4030	4135	4240	4345	4455	4580	4705	4830	105-12
4	4110	4250	4390	4530	4670	4810	4950	5090	5230	5370	140
5	4565	4725	4885	5045	5205	5365	5525	5685	5845	6005	160
6	5035	5205	5375	5545	5715	5885	6055	6225	6395	6565	170
7	5540	5725	5910	6095	6280	6465	6650	6835	7020	7205	185
8	6090	6295	6500	6705	6910	7115	7320	7525	7730	7935	205
9	6675	6900	7125	7350	7575	7800	8025	8250	8475	8700	225
10	7290	7535	7780	8025	8270	8515	8760	9005	9250	9495	245
11	8045	8310	8575	8840	9105	9370	9635	9900	10165	7495	265
12	9475	9790	10105	10420	10735	11050	11365	11680	11995		315
13	11150	11515	11880	12245	12610	12975	13340	13705	14070		365
14	12845	13270	13695	14120	14545	14970	15395	15820	16245		425
15	14565	15045	15525	16005	16485	16965	17445	17925	10243		480
16	16000	16500	17000	17500	18000		-,	-1723			5 <b>0</b> 0
17	18000	18500	19000	19500	20000						500
18	20000										200